

## **Memorandum from the Treasurer, Paint Brush Hills Metropolitan District;**

### **On Behalf of the Board of Directors**

Fellow Residents:

With the May 2016 election behind us, and with the affirmation from the majority of the District's voting residents that your elected Board is following a fiscally responsible path toward achieving specific goals that benefit our District, I want to take this opportunity on behalf of myself and the Board to thank you for your confidence in our ability to serve your best interests.

I also wish to share with you relevant information surrounding the campaign issues that were omitted from the flyer that some of you may have received. In a continuing effort to be fully open and transparent in our proceedings, your elected Board, comprised entirely of residents, will always satisfy the fiduciary obligations of a Director as set forth in the requirements mandated in Title 32 of the Colorado Revised Statutes governing Colorado Special Districts.

As the Treasurer of the District, serving since election in 2012, and on behalf of your Board, I would now like to address some of the issues that were raised during the election and printed on the flyers previously mentioned. The flyers contained substantial misinformation and inaccuracies, and it was apparent that the author or authors failed to fully inform themselves and the voters about the facts surrounding the issues.

Let me begin with the name of our District: Paint Brush Hills Metropolitan District. It was alleged that the Board changed the name on our signage. False. We corrected the name. The District was platted and formed by the original developers as Paint Brush Hills. The developers and developer-led board for years used the erroneous name of Falcon Hills most likely as a marketing label for the development rather than its legal name. By correcting our neighborhood's name at the mere cost of approximately \$1800 in material and man-hours we eliminated the confusion that was caused by someone looking for Paint Brush Hills and seeing only signs that read Falcon Hills. We are, we have been, and we will most likely always be Paint Brush Hills.

The District's website is admittedly a work in progress, but it is far better than the 'Blogsite' used in the past. Furthermore, since we use a State website (Colorado.gov) it is free. The website in question can be found using the following hyperlink: <https://www.colorado.gov/pbhmd>

In the website you will find among other things the legally binding Inter-Governmental Agreement (IGA) between Woodmen Hills and Paint Brush Hills, current Service Plan including the amendment, Board Minutes, the Board Agendas and much more to include notice of pending election(s) and meetings. The monthly Customer Newsletters are posted there as well. Of note, past newsletters provide additional

notice of both pending election(s) and District Board meeting schedules. This was yet another allegation misrepresented and wholly inaccurate that was included in the flyers some of you received regarding failure to notify residents of upcoming elections or their requirements. Notice was also published in the newspaper in strict compliance with Colorado Revised Statutes.

Allow me to address the Board Agendas and then come back to the IGA because the distributed flyer was significantly lacking in facts regarding the Agendas as well as other perceived issues. The Agendas are posted in accordance with Colorado Revised Statutes (CRS) §32-1-903(1)-(2) and §24-6-402(2)(c) which states, and which our District and Board are fully compliant, “that all notices must be posted in three (3) public places within the boundaries of the District and in the Office of the County Clerk and Recorder not later than 72 hours prior to scheduled monthly Board meeting.” These locations are the kiosks located in front of the temporary District office at 9830 Liberty Grove, North Manchester Park, and the District’s tank site at Londonderry and Towner. In addition, the CRS requirement “that all special and regular Board meetings must be at locations within the District boundaries” was largely ignored in the past, and that is why the Board elected to temporarily rent a residence centrally located within our District until a professional and publicly accessible office and shop could be built to support the District’s current requirements, as well as future requirements when the pending sale by developers of the vacant land on the west side our District is concluded and construction begins.

The IGA (posted on our website) was poorly addressed in the flyer, and it remains a concern of this Board. Our Board is updated annually by Woodmen Hills on proposed rate hikes for wastewater treatment as stipulated within the IGA. As long as our residents pay exactly the same rate of Woodmen Hills residents and our District residents’ wastewater treatment fee does not include any capital improvement costs, then Woodmen Hills is in compliance with the IGA.

As your Treasurer-elect, I would now like to address allegations raised about rates for water, wastewater collection provided by Paint Brush Hills (not the wastewater treatment provided by Woodmen Hills under the terms of the IGA), and the TABOR issue. I will also discuss the need for a future office and shop. The TABOR issue that will come before you in the November election is described in detail on our website by using this hyperlink <https://www.colorado.gov/pacific/sites/default/files/Revenue%20Limits%20Fact%20Sheet.pdf>.

At the April 2016 Board meeting, the Board voted to reduce the wastewater collection fee from \$17 monthly to \$6 monthly. This fee is used to maintain our aging infrastructure and conduct preventive maintenance before major problems arise. We also completed a water rate study badly needed due to the 15.9% increase in Mountain View Electric Association (MVEA) costs to operate our wells and pump water from our wells to our storage tanks. The 15.9% figure is important because it feeds into the TABOR and 5.5% limitation on revenues over expenses issue. The District did not

over-budget; in fact it under-budgeted. When MVEA raised rates in July 2015 and again in April 2016 for a total of 15.9% increase in electric costs, the Board was required to find the additional funding required from within the existing budget. My responsibility as your Treasurer to prepare and submit an approved budget to the State not later than 31 December of each year did not anticipate this additional cost. Increased costs incurred after budget submission adversely affects our District's bottom line. Conversely, the increase in home values by the County Assessor led to another unexpected imbalance in our budget revenues. The ballot issue that will come before you in November is whether you wish the District to receive all mill levy revenues above the current TABOR/5.5% statutory limitations in the future. For 2016, our Board will rebate the excess funds (approximately \$26,000) through the mill levy certification process. My initial estimate is that each household will see an approximately \$35 reduction in next year's tax bill as a result of this rebate. The alternative going forward, if the ballot question passes, is to allow the District to retain the additional funds in the future to essentially de-TABOR the District in order to use any unforecasted funds to address specific District and budget priorities such as the planned \$31,000 gazebo at South Manchester Park for the benefit of all residents.

Wells were mentioned and again if there was anything accurate in the flyer it was this, "not all wells are working." That is probably the least inaccurate statement of all the inaccurate statements contained in the flyer. Here is the ground truth. When I became the Treasurer in 2012 our District was hard-pressed to scrape together \$5,000 to fix a very dire repair to one of our most productive wells. The District was forced to cannibalize some lower producing wells in order to keep this larger producing well operating. There were only three functioning wells out of eleven when I was elected in 2012. Since then, the Board through fiscally conservative cutbacks and hiring professional management now has eight of our eleven wells producing flows. The other three are low producing and shallow wells in the Denver and Dawson aquifers that quite frankly spending money to bring them to full operational capacity does not justify the cost. More importantly, as of today we have put aside a Capital Reserve to fund major repairs to our wells and infrastructure, and also saved nearly half what is needed to construct a professional office and shop that will serve the needs of today and the future. When one of our largest producing wells, Well #7, failed in 2015, the cost to restore it was almost \$200,000.00. We accomplished this using the Capital Reserve this Board established without borrowing one thin dime from any financial institution. Equally important to note, we are on a financial path as a District to be debt free in early 2025.

Speaking of District indebtedness, when this District was formed the developer-led Board floated a \$2.65 million dollar bond to fund the infrastructure of the District. This debt was incurred with a punishing interest rate and a \$313,000.00 early payoff penalty. Upon election as Treasurer in 2012, and with the full consent of the Board of Directors, we began looking for a lending institution that was locally owned and operated. We found that in Farmers State Bank (FSB) and in February 2015 refunded the remaining \$1.2 million dollar bond held by Wells Fargo and signed a new lease-purchase agreement with FSB at a significantly lower interest rate with no early payoff

penalty. That is also why, should we require additional funding to complete our office and shop we will endeavor to obtain another lease-purchase agreement from a locally owned and operated bank that will offer a low interest rate rather than follow the financially draining course of action the cash strapped developers used by floating a bond. Debt free in early 2025 is the goal and we are on a path to achieve that.

In closing, there is much good news for our District despite the unnecessarily negative information contained in the flyer which was distributed. I look forward to continuing to serve as a member of the District's Board comprised entirely of residents, who are professionals in their own right, fiscally conservative and who have the best interests of their neighbors, customers and fellow residents foremost in their minds when they meet each third Thursday of each month at the District's temporary office.

Thank you for your support in the recent election and my fellow Board members and I look forward to serving you, and more importantly hearing from you if you have concerns.

Sincerely,  
Douglas A. Burrer  
Treasurer, PBHMD